

~~SECRET~~

~~CONFIDENTIAL~~

24 October 1957

MEMORANDUM FOR THE RECORD

SUBJECT: Conference With Bureau of the Budget on Intelligence Costs

1. On 10 October 1957 the Director, [ ] (DD/C), Mr. Saunders (Comptroller) and the undersigned met with Mr. Percival Brundage, Director of the Bureau of the Budget, Mr. Maurice Stans, his Deputy, Mr. Robert Macy, Mr. Harry Wilhelm and Dr. Rex Reed of the Budget Staff. The purpose of the meeting was to consider the tabulations prepared by the Bureau of the Budget of "Estimated Foreign, Positive, Strategic Intelligence Costs" for Fiscal Years 1956 and 1957, setting forth in detail dollar obligations and man years devoted to intelligence work by the various elements of the Intelligence Community.

25X1A

2. After briefly reviewing the tabulations, which Mr. Macy pointed out had been prepared from the figures submitted by the different Agencies, Mr. Brundage expressed his concern at the number of people and the amount of money involved in the over-all intelligence effort. He questioned whether there is a need to devote as many man years and as much money to intelligence work as the tabulations showed. He was concerned with the magnitude of the figures coming from the Department of Defense, which included JCS, Army, Navy, Air Force and NSA, and noted that the 1958 figures show a further increase of approximately 15 per cent over 1957 in spite of the Administration's Government-wide effort to hold expenses down.

3. It was immediately clear that Mr. Brundage was not specifically criticizing the size of the CIA figures but was rather approaching the Director as the head of the Intelligence Community to see what he felt could be done to reduce costs and eliminate duplications. Mr. Dulles pointed out that he did not consider it his function to control either the Department of Defense or the separate Services, and stated he didn't want that responsibility, as he foresaw serious frictions developing with the established intelligence offices. He also pointed out that the collection of certain intelligence has always been quite properly the task of the Services, such as Order of Battle, Weaponry, etc.

4. Mr. Macy suggested that perhaps the establishment of a specific focal point in the Department of Defense for coordinating Service intelligence to whom the Director could turn would be a step in the right direction. Mr. Brundage remarked that Secretary Wilson, in his opinion, had not exercised proper control over the Services and suggested that perhaps Mr. McElroy, the incoming Secretary of Defense, might be urged

No Change in Class. ☐

☐ Declassified

Class. Changed by TS 3

Next Review Date:

Date: 22/12/78

008

~~CONFIDENTIAL~~

~~SECRET~~

~~SECRET~~

to establish an Intelligence Coordinator to accomplish this. It was clearly Mr. Brundage's view that NSA looks like the most fertile field for a reduction, and he was hoping to get Mr. McElroy to assume some responsibility for accomplishing this.

5. Mr. Stans suggested that perhaps the President's Board of Consultants on Foreign Intelligence Activities (Killian Committee) should also make a study of this over-all problem, which the Director agreed would come within their charter.

6. The Director agreed to present the statistics to the Intelligence Advisory Committee and thus make a start toward solving this problem. Other than this, no commitments or undertakings were made.

7. The matter of withdrawals from the reserve was discussed briefly. The Director pointed out the Agency's need for a reserve to meet unforeseeable or emergency demands for funds and stated that we now have in process four requests totalling approximately [ ] which meet the criteria for withdrawals from the reserve. Mr. Macy called to Mr. Brundage's attention the fact that these withdrawals would in all probability cause the Agency to exceed its estimated expenditures for FY 1958.

8. At the close of the meeting Mr. Macy stated that Mr. Brundage (who had had to leave early) desired to be informed on the Syrian situation, which the Director agreed to arrange, either directly with Mr. Brundage or through Mr. Macy. (On 22 October 1957 [ ] Assistant Deputy Director (Plans), briefed Mr. Macy as requested.)

(signed) H. Gates Lloyd

H. GATES LLOYD  
Assistant Deputy Director  
(Support)

ADD/S:HGL:mrp

Distribution:

Orig - DD/S subject

1 - DD/S chrono

1 - DD/S reading

1 - Comptroller

Approp (Budget)  
X-meetings

~~SECRET~~